

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re	:	
	:	<b>Chapter 11</b>
SEARS HOLDINGS CORPORATION, <i>et al.</i> ,	:	
	:	<b>Case No. 18-23538 (RDD)</b>
	:	
Debtors. <sup>1</sup>	:	<b>(Jointly Administered)</b>
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**SIXTH MONTHLY FEE STATEMENT OF M-III ADVISORY PARTNERS, LP  
FOR COMPENSATION EARNED AND EXPENSES INCURRED  
FOR PERIOD OF MARCH 1, 2019 THROUGH MARCH 31, 2019**

1. In accordance with the *Order Authorizing Debtors to Retain M-III Advisory Partners, LP to Provide a Chief Restructuring Officer and Certain Additional Personnel for Debtors Nunc Pro Tunc To Commencement Date* (ECF No. 814) (the “**Retention Order**”),<sup>2</sup> M-III Advisory Partners, LP (“**M-III**”) hereby submits its sixth monthly report (the “**Monthly Report**”) on compensation earned and expenses incurred for the period commencing on March 1, 2019 through and including March 31, 2019 (the “**Reporting Period**”).

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors’ corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

<sup>2</sup> Capitalized terms not otherwise herein defined shall have the meanings ascribed to such terms in the Retention Order.

During the Reporting Period, M-III incurred total fees and expenses of \$1,095,526.36, comprised of \$1,072,977.50 of fees and \$22,548.86 of expenses.

2. During the Reporting Period, M-III provided services central to the Debtors' restructuring process, including:

- a. Chief Restructuring Officer: Mohsin Y. Meghji in his role as Chief Restructuring Officer, continued to provide day-to-day oversight regarding issues including but not limited to: cash/liquidity management, the resolution of post-closing disputes with ESL and Transform, post-asset sale matters, and other Chapter 11 reporting requirements, as well as supervising all activity by the M-III team and liaising with the Company's management team.
- b. Asset Disposition: After the closing, M-III prepared and updated analyses to reconcile cash proceeds received and credit card receipts between OldCo and Transform Holdco LLC and prepared other analyses related to the sale. M-III also responded to numerous vendor inquiries related to non-payment due to the ongoing dispute between the Debtors' Estate and Transform Holdco LLC as to which entity will pay the creditors.
- c. Business Operations: On an ongoing basis, M-III assisted the Debtors with issues related to operating as a debtor-in-possession operating in chapter 11.
- d. Case Administration: On an ongoing basis, M-III advised and assisted the Debtors with respect to internal and external communications planning and documentation. M-III also prepared for and attended Bankruptcy Court hearings. M-III also completed analysis and assisted the Debtors on various motions. M-III also prepared for and participated in strategic meetings with Debtors' counsel. M-III also worked with Transform Holdco LLC on various questionnaire forms and recall issues.
- e. Claims Administration and Objections: On an ongoing basis, M-III advised and assisted the Debtors with the 503(b)(9) claims reconciliation process for over 2,800 503(b)(9) claims that were filed.
- f. Corporate Governance and Board Matters: On an ongoing basis, M-III prepared for and participated in Board Meetings and meetings of the Restructuring Committee of the Board.
- g. Employee Benefits and Pensions: On an ongoing basis, M-III assisted the Debtors with various employee and retiree benefit issues, including compensation, bonuses, severance, insurance benefits.
- h. Employment and Fee Applications: M-III prepared its monthly invoice in compliance with its retention order. M-III also coordinated with the company to

submit professional fee invoices for payment and updated the professional fee reporting.

- i. Estate Tracker Reporting: M-III also prepared weekly reports to illustrate cash flows and liquidity as compared to the forecast including related methodologies, as well as cash management planning. M-III distributed the weekly variance reports to the Restructuring Committee and Creditors' Committee and addressed questions from these parties as they arose.
- j. Litigation: M-III aggregated discovery materials in response to the subpoena served to M-III and prepared for depositions. M-III also participated in and attended depositions and the contested hearings seeking approval of the sale to ESL.
- k. Meetings and Communications with Creditors: On an ongoing basis, M-III prepared for and participated in meetings and teleconferences with the Official Committee of Unsecured Creditors and their respective advisors.
- l. Meetings and Communications with Restructuring Committee: On an ongoing basis, M-III prepared and participated in meetings and teleconferences with Debtors' Restructuring Committee.
- m. Plan of Reorganization and Disclosure Statement: M-III prepared various analysis for the Plan of Reorganization and Disclosure Statement including preparing a liquidation analysis by debtor, analysis of the various claims filed by class and supporting assumptions.
- n. Preference Analysis: M-III worked with the Debtors to gather the supporting information related to the preliminary diligence requests from several preference recovery firms. M-III also uploaded this information to the virtual data room. M-III also worked to gather proposals related to the preference analysis project from the various firms.
- o. Real Estate – Assumption and Rejection of Leases and Contracts: On an ongoing basis, M-III assisted the Debtors with lease analyses, potential assumption or rejection of leases, lease negotiation, and execution of lease strategy. M-III assisted with the potential assumption and assignment of executory contracts in connection with the Global Sale Transaction.
- p. Real Estate – GOB Analysis/Reporting: On an ongoing basis, M-III assisted the Debtors with analysis and reporting related to the GOBs including aggregating data related to noticing appropriate parties related to the GOBs.
- q. Real Estate – Sales: On an ongoing basis, M-III assisted the Debtors with the listing, marketing, bid selection, sale negotiation and closing of various real estate assets.

- r. Real Estate – Unencumbered Real Estate Sales & Analysis: On an ongoing basis, M-III assisted the Debtors in due diligence, analysis, reporting, marketing and monetization related to the unencumbered real estate. M-III worked closely with the Debtors to list, market and sell unencumbered assets to a variety of real estate investors. M-III also assisted the Debtors with the analysis of unencumbered properties with a view towards selling these assets in a timely manner for favorable prices.
  - s. Reporting: On an ongoing basis, M-III assisted with matters related to the US Trustee, assisted the Debtors with accounting related items including but not limited to, pre-petition claims payment processes, aggregating monthly bank statements, updating the master list of bank accounts, Monthly Operating Report (MOR), developing and updating the OldCo budget and other accounting related items.
3. **Exhibit A** attached hereto includes a list of the personnel that provided services to the Debtors during the Reporting Period, their respective titles, their respective billing rates, the aggregate hours spent by each individual, and the total compensation earned by each individual.
4. **Exhibit B** attached hereto is a breakdown of the reasonable expenses incurred by M-III during the Reporting Period.

Dated: May 3, 2019  
New York, New York

By: /s/ Mohsin Y. Meghji  
Mohsin Y. Meghji  
Managing Member  
M-III Advisory Partners, LP  
130 West 42<sup>nd</sup> St.,  
17<sup>th</sup> Floor  
New York, NY 10036

**Exhibit A**

**Case No.: 18-23538 (RDD)**  
**Case Name: Sears Holdings Corporation**  
**M-III Advisory Partners, LP**  
March 1, 2019 Through March 31, 2019

**EXHIBIT A**

**Summary of Compensation Sought for the Reporting Period (March 1 - March 31, 2019) and Transaction Fee**

<b>TOTAL HOURS</b>	<b>TOTAL FEES (a)</b>	<b>TOTAL EXPENSES (b)</b>	<b>TOTAL COMPENSATION</b>	<b>MONTHLY COMPENSATION FEES (100%)</b>	<b>MONTHLY COMPENSATION EXPENSES (100%)</b>	<b>TOTAL MONTHLY COMPENSATION</b>
1,768.0	\$1,072,977.50	\$22,548.86	\$1,095,526.36	\$1,072,977.50	\$22,548.86	\$1,095,526.36

**Note(s):**

(a) Total fees of \$1,072,977.50 includes \$900,000 for hours billed as a fixed fee and \$172,977.50 for professionals billed on an hourly basis.

(b) Total expenses are net of voluntary reductions of \$1,663.73, as set forth in Exhibit B below.

**Case No.: 18-23538 (RDD)**

**Case Name: Sears Holdings Corporation**

**M-III Advisory Partners, LP**

March 1, 2019 Through March 31, 2019

**Summary of Hours Billed by Professional Fixed Fee**

<b>Employee Name</b>	<b>Initial</b>	<b>Title</b>	<b>Total Hours</b>	<b>Total</b>
Meghji, Mohsin	MM	Managing Partner	86.9	\$0.00
Griffith, Brian	BG	Managing Director	175.8	-
Murphy, William	WM	Senior Director	202.6	-
Good, Christopher	CG	Director	268.8	-
Korycki, Mary	MK	Director	147.6	-
Acevedo, Enrique	EA	Vice President	68.7	-
Boffi, Jonathan	JB	Vice President	88.9	-
Frantz, Joseph	JF	Senior Associate	128.8	-
Zatzkin, Noah	NZ	Senior Associate	185.5	-
Weber, Nicholas	NW	Associate	117.5	-
Stoker, Clayton	CS	Analyst	74.8	-
<b>Total (a)</b>			<b>1,545.9</b>	<b>\$900,000.00</b>

**Note(s):**

- (a) Per Debtors' Application for entry of an order Authorizing the Debtors to retain M-III Advisory Partners, LP to provide a Chief Restructuring Officers and certain additional personnel for Debtors Nunc Pro Tunc to commencement date; paragraph 20(i) [ECF No. 328] Compensation for Services. In accordance with the terms of the Engagement Letter, M-III shall be entitled to non-refundable professional fees at a flat rate of (a) during such time as the Core Team is comprised of the CRO plus ten (10) additional professionals, \$900,000 per month and (b) during such time as the Core Team is comprised of the CRO plus eight (8) additional professionals, \$750,000 per month. If additional staffing is required, additional professionals will be billed at a rate which is \$50 less than M-III's standard hourly rates. [ECF No. 328]

**Case No.: 18-23538 (RDD)**

**Case Name: Sears Holdings Corporation**

**M-III Advisory Partners, LP**

March 1, 2019 Through March 31, 2019

**Summary of Hours Billed by Professional**

Employee Name	Initial	Title	Total Hours	Rate (a)	Total
Adams, Colin	CA	Managing Director	31.3	\$925	\$28,952.50
Gallagher, William	WG	Managing Director	92.9	\$925	85,932.50
Bonnell, Trenton	TB	Director	68.2	\$625	42,625.00
Tanaka, Kevin	KT	Vice President	23.9	\$550	13,145.00
Allan, Daniel	DA	Senior Associate	2.6	\$450	1,170.00
Smith, Andrew	AS	Senior Associate	0.9	\$450	405.00
Kim, Tyler	TK	Senior Analyst	2.3	\$325	747.50
<b>Total</b>			<b>222.1</b>		<b>\$172,977.50</b>

**Note(s):**

- (a) Per Debtors' Application for entry of an order Authorizing the Debtors to retain M-III Advisory Partners, LP to provide a Chief Restructuring Officers and certain additional personnel for Debtors Nunc Pro Tunc to commencement date; paragraph 20(i) [ECF No. 328] Compensation for Services. In accordance with the terms of the Engagement Letter, M-III shall be entitled to non-refundable professional fees at a flat rate of (a) during such time as the Core Team is comprised of the CRO plus ten (10) additional professionals, \$900,000 per month and (b) during such time as the Core Team is comprised of the CRO plus eight (8) additional professionals, \$750,000 per month. If additional staffing is required, additional professionals will be billed at a rate which is \$50 less than M-III's standard hourly rates. [ECF No. 328]



**Exhibit B**

**Case No.: 18-23538 (RDD)**

**Case Name: Sears Holdings Corporation**

**M-III Advisory Partners, LP**

March 1, 2019 Through March 31, 2019

**Summary of Necessary Expenses Incurred**

Description	Total
Air Travel	\$8,436.19
Hotels	5,767.80
Meals (Local) (a)	2,128.66
Meals (Out of Town) (b)	1,627.42
Rental Car	1,514.53
Taxi/Car Service/Mileage/Train	2,989.17
Telephone/Internet	1,421.00
Miscellaneous	327.82
Sub-Total Before Reductions	24,212.59
Voluntary Reductions	(1,663.73)
<b>Total (c)</b>	<b>\$22,548.86</b>

**Note(s):**

- (a) Meals (Local): Per person meal expenses have been capped at \$20 (dinner).
- (b) Meals (Out of Town): Per person meal expenses have been capped at \$25 (breakfast) and \$55 (dinner).
- (c) Total amounts are based on M-III's expense reporting system as of the date of this Monthly Report, and may not be reflective of all expenses incurred during the Reporting Period. As such, future monthly reports may include expenses incurred during the Reporting Period.